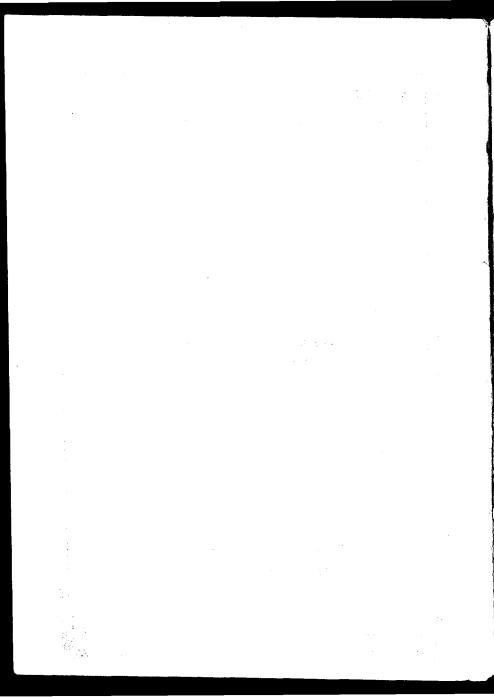
POLITICAL PARTY FINANCES THEIR ORIGIN AND USES

BY

MARJORIE SHULER

STEBBINS & COMPANY BROOKLYN, NEW YORK 1427 Union Street



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CHAPTER I

HOW FUNDS ARE RAISED

The Growth of Party Expenses.—The methods of financing used by political parties and candidates for office present one of the gravest problems of American public life. Just as our economic institutions have multiplied their organizations to a tremendous extent, carried on advertising campaigns of great magnitude and established vast scales of expenditure and profit, so our political institutions have increased their machinery, developed the art of public appeal and conducted themselves with a lavishness beyond that of any other country.

Many of these expenses are what might be termed of legitimate growth. They are due to the multiplication of population, to the tremendous development of advertising in this country, and to the elaborate degree to which we have perfected organizations of all kinds. But far greater is the increase in illegitimate expenditures, the sums spent in secret ways to influence

elections. These are the amounts for which there is no accounting to the rank and file of the party itself. These are the expenditures of which the average voter never hears, or which he is likely to discredit if rumor brings them to his ears.

Corruption Resulting from Gifts to Parties.—These corrupt features of political party financing are not of recent development. The pages of political history are stained with the stories of great campaign funds spent by national and state party committees, individual political leaders, the candidates themselves or friends and relatives of candidates. Indeed so general has been the use of money in politics that it has frequently been said that no candidate might hope for any great measure of success unless he was personally wealthy or backed by large financial interests.

In recent years there has been a wave of agitation against the spending of great sums in connection with elections. Many laws have been created, both federal and state, for the express purpose of curbing such expenditures. To the average citizen these laws seem adequate and efficient. But let him visit the states accounted most progressive in their regulation of political expenditures and he will be told that for every law there is a well-known evasion, for every conviction under the law there are dozens of offenders

who are never brought to court, or if they are brought before judges, are acquitted or let off with the lightest penalties possible.

The questions for the citizen to have in mind in considering political financing are these: What returns are made to those who give large sums to the campaign funds of parties or candidates? What type of service may be expected by the public from those officials whose elections have been secured by money? What allegiance is due them from the members of their own parties or the voters in general? What is the effect upon a nation and people whose elections are not safeguarded from the influence of money?

The Average Citizen as Contributor.— There are three distinct groups who contribute to political campaign chests. The first one does so openly; the other two secretly. In the first group are the average voters, who have a sincere desire to see the principles of their party triumph. Sometimes wealthy men and women make large gifts; sometimes the money comes from those of small means and represents a real sacrifice. It is for this group that political party treasurers come out into the open. They make appeals at meetings and in the newspapers. Often special committees are formed to advance a certain policy which appeals to the voters. Contributions are

solicited entirely in the name of this policy and from every corner of the country gifts come from the voters. Occasionally funds may be sought in the name of a great political leader of the past. Sometimes voters may be stimulated to give for the sake of their grandchildren, the sons of their college, or some one else dear to their hearts. This is the right kind of giving, the giving with no expectation of a personal return and with no idea of controlling the party policies. But it forms a very small part indeed of the sum raised for any campaign.

Business Corporations as Contributors.— The larger part of the fund comes from the other two sources, the secret contributors. these sources is the corporations, business interests, commercial institutions of various kinds who want favors, perhaps franchises or charters to operate public service concerns, perhaps the passage of laws to protect their business or the repeal of laws which are proving harmful to their business. The prevalence of this system is well illustrated by a frank statement made in an investigation conducted by the United States Senate during the second session of the fifty-third Congress. In that investigation the president of a great corporation is quoted as saying, "It is my impression that wherever there is a dominant party, wherever the majority is large, that is the party which gets the contribution, because that is the party which controls the local matters." Having spoken of the prevalence of the system, he added, "Every individual and corporation and firm, trust, or whatever you call it, does these things, and we do them." In what are called doubtful states, which are carried sometimes by one political party, sometimes by another, railroads and corporations desiring political favors have been known to safeguard their interests by contributing not only to one, but to both dominant parties.

Candidates as Contributors.—The second group of secret contributors to political funds consists of the candidates themselves who are assessed large sums for their nominations. The party ordinarily assesses a candidate on the maximum basis, exacting a certain percentage, possibly five per cent. not only of his first year's salary but of the entire amount he is due to receive for his whole term. Thus if the office for which he is running pays five thousand dollars a year for four years, the candidate is assessed five per cent. on twenty thousand dollars, or one thousand dollars. Or he may be required to pay ten per cent. Where there are as many as fifty candidates, the party may raise fifty thousand

dollars in this way. While some men have been elected to office without paying any assessment at all, others have been put off the ticket or have been scratched and defeated because they did not pay their assessments.

In addition to the officials to be elected there are many appointments to be made, and contributions are secured from those who understand that they will receive appointments if the party is successful in the election. The President of the United States controls appointments with salaries totalling millions of dollars. The governor of every state has under his control appointments to commissions and offices of various kinds which bring big returns to their holders. State legislatures have many big appointments, as well as the minor ones of sergeants-at-arms, door-keepers, journal clerks, index clerks, revision clerks, messengers, postmasters, librarians, janitors, stenographers, committee clerks. Similarly there are appointments to be made in every municipality. Large funds are raised through contributions made by those expecting such appointments. Officeholders occasionally contribute not only to their own party, but to the other dominant party. There are certain government commissions which are required by law to include members from both dominant parties. Members already serving on those commissions may make secret gifts to both parties in order to make sure that they will retain their places no matter who carries the election.

CHAPTER II

THE USES OF PARTY FUNDS

Legitimate Expenses.—The open ways in which money is spent in political campaigns include the establishment of headquarters with the expense of rent, heat, light, clerical aid and supplies. From the headquarters tons of literature. circulars, letters, posters and pictures of candidates are sent out, requiring funds for supplies, printing, postage and labor. Nor are these all that headquarters distribute. There are buttons, badges, armbands, flags and pennants, automobile posters and all sorts of advertising novelties. Meetings constitute another large item of expenditure. Halls must be secured, automobiles to carry speakers, sometimes special trains for more extensive tours. Large sums are spent for advertising through newspapers, magazines and moving-picture houses. Entertainments of various kinds are given, dinners, dances, picnics, parades, all of them costing a great deal. Last, but by no means least expensive are the workers, speakers, organizers, publicity agents and scouts, who are sent out during the campaign.

Questionable Uses of Party Funds.—The foregoing are usually accounted legitimate expenses. But there are other less known ways in which money is spent and which are not so justifiable. There may be carried on the party payroll those who do not openly work for candidates but who try secretly and in devious ways to in-Then there is an allotment of fluence voters. money to every party leader, down to the least significant precinct captain, each receiving a certain sum for election day use and for which no accounting is asked. The money is technically understood to be for hiring automobiles or other conveyances to take laggard voters to the polls, payment of party workers at the polls, luncheons or other incidentals for these same workers, but since there is no means of ascertaining to what uses the leader puts the money, there is no knowledge of the extent to which it is used in actually influencing the voters.

Pre-primary Expenses.—Before the primary, candidates are expected to bear their own expenses. What usually happens, however, is that the candidates endorsed by political leaders receive aid, while independent candidates must raise their own funds. After the primary, the

party as a whole is expected to bear at least a part of the cost of electing its own ticket. Sometimes curious incidents develop, however. In one state recently the candidate for United States Senator on the ticket of one party was strongly opposed by the progressives within his own party. The opposing candidate on the ticket of the other dominant party told his friends that he received no aid from his party leaders, even after the primary, that the general party advertising did not urge his election, that no meetings were arranged for him, and that he was compelled to bear the burden of his own campaign. There was apparently a bipartisan combination by which the reactionary leaders in both parties had agreed to stand by the first-named candidate; and the second man, who had been paying for his own campaign, was overwhelmingly defeated at the election.

General Use of Funds.—Another phase of political expenditure, which is not well understood by the average voter, is that money raised by the members of a political party in one state is furnished to the leaders of that same party in other states where funds are less available. Thus a state which might be supposed to decide its own elections by choosing its own candidates, conducting its own campaigns, electing the officials of

its own choice will in reality be influenced by money sent each month from outside the state to the leaders of the weaker political party within the state. These monthly contributions are raised if the local leaders can show that there is a chance for them to carry the state at the next election. Thus it is that in more than one national election states have been swung from one party column to another, the result being largely determined by money raised outside those states.

CHAPTER III

GOVERNMENT REGULATION OF PARTY FUNDS

Corrupt Practises Acts.—Just as party rules controlling primaries and elections have been taken over and made into state laws, so party funds are coming to be treated as public funds. Laws have been framed to regulate party levies and expenditures, and these laws themselves illustrate the abuses of party financing which have existed and still exist throughout the country. These laws are termed corrupt practices acts. There is a federal corrupt practices act, and there are similar ones in the various states.

Limitation of Candidates' Expenditures.—One of the important things which the corrupt practices acts attempt to do is to limit the sums which candidates may spend in an election. As an example, the federal corrupt practices act limits candidates for the United States Congress as follows:

"No candidate for Representative in Congress or

for Senator of the United States shall give, contribute, expend, use, or promise, or cause to be given, contributed, expended, used, or promised, in procuring his nomination and election, any sum, in the aggregate, in excess of the amount which he may lawfully give, contribute, expend, or promise under the laws of the state in which he resides: *Provided*, That no candidate for Representative in Congress shall give, contribute, expend, use, or promise any sum, in the aggregate, exceeding \$5,000 in any campaign for his nomination and election; and no candidate for Senator of the United States shall give, contribute, expend, use, or promise any sum, in the aggregate, exceeding \$10,000 in any campaign for his nomination and election.

"Provided further, That money expended by any such candidate to meet and discharge any assessment, fee, or charge made or levied upon candidates by the laws of the state in which he resides, or for his necessary personal expenses, incurred for himself alone, for travel and subsistence, stationery and postage, writing or printing (other than in newspapers), and distributing letters, circulars, and posters, and for telegraph and telephone service, shall not be regarded as an expenditure within the meaning of this section, and shall not be considered any part of the sum herein fixed as the limit of expenses and need not be shown in the statements herein required to be filed.

The exceptions in this act open the way for spending thousands of dollars in excess of the limit set up. Printing for instance is one of the heaviest campaign expenses, and printing is exempt in the federal act. To circularize the voters of one state just once may involve the spend-

ing of a hundred thousand dollars for postage, and postage is another exempt item in the federal act. Then again, a candidate may keep his personal expenses within the amount prescribed, but there is no provision for charging against him any part of the general campaign waged on behalf of the whole ticket, the meetings at which other candidates for other offices speak, the parades and dinners, and the advertising instituted for the success of the party, not for him alone.

The Utah Law.—Utah has a very progressive law limiting election expenses. The Utah law provides that a candidate for United States senator may not spend on his campaign more than four thousand dollars; United States representative, two thousand dollars; governor, three thousand dollars; presidential elector, five hundred dollars: state senator, two hundred dollars: state representative, one hundred dollars. Candidates for any other state, county, city or township office may not spend an amount exceeding fifteen per cent. of their first year's salary in the case of a four-year term, nor ten per cent. of their first year's salary in the case of a two-year term. A minimum expenditure of one hundred dollars is permitted to all candidates. In addition, no state political party committee may spend a sum in excess of twelve and one-half cents for each vote cast for the party in the preceding gubernatorial election. County committees are similarly limited.

The limitations imposed on expenditures of candidates vary in the different states. After an election in New York state in which a candidate for governor was reported to have spent \$256,000 and still another candidate to have spent \$30,000 to secure the office of state senator, which pays \$1,500 a year, a law was enacted in that state limiting candidates for governor to the expenditure of \$10,000 and other state candidates to \$6,000.

Prohibited Expenditures.—The corrupt practices laws prohibit certain expenditures in political campaigns. Each law provides against the direct buying and selling of votes, and yet that has been known to take place repeatedly, sometimes with the conviction of those participating, more often without their ever being brought to court. The laws vary in the matter of other prohibited expenses and most of them may be seriously questioned with regard to their enforcement. Every citizen should be familiar with them, however, so that infringements may be recognized and because more general knowledge will tend to the improvement and unification of the laws.

Additional State Regulations.—In some states there is a provision against treating, candidates and their managers not being allowed to buy either food or drink for voters. The giving of huge banquets has been a frequent way of attracting votes to candidates, and before the enactment of national prohibition, candidates were expected to visit saloons in their districts and buy drinks for all who happened to be present. In one state where the elections have been notoriously corrupt, a candidate who ran several times for United States senator was in the habit of depositing large sums of money with hotel managers so that men might be made welcome in his name at hotel bars and cigar counters. When the sum had been used up in this way, the candidate promptly made another deposit.

Another provision of the corrupt practices acts, not always enforced, prohibits the payment by political parties or candidates of poll taxes. Some states still levy a head tax, the payment of which is usually a requisite for voting. It is often the custom for those who desire to swing votes in a certain direction to pay the poll taxes for citizens who could not or would not otherwise qualify as voters, or who are willing in return for the payment of the tax to cast their votes in any desired direction.

A similar prohibition is levied against the payment of naturalization fees. Political parties and candidates have made a custom of conducting naturalization classes and paying the fees of new citizens in order to secure their votes. Under the domination of a notorious politician in New York City several years ago the number of annual naturalizations jumped from 9,200 to 41,000.

A very few states have now prohibited the providing of conveyances by parties or candidates to take voters to the polls. Not only has this been a heavy item of expenditure in past years, but it has led to much rivalry and to attempts to corner the available supply of vehicles. When the number of carriages which could be hired was smaller than it is in this day of automobiles, one party or one faction within a party would hire all of the vehicles in a certain district so that opposing parties or candidates could not offer this bribe to the voters. The Utah law prohibits the hiring of conveyances to take voters to the polls except when two or more parties combine at joint expense to take sick, disabled, aged or infirm citizens to cast their ballots. And when this is done the conveyance is not permitted to carry any banner or poster for any party or candidate, nor may any party worker ride in it.

Another prohibition, still quite rare, is directed

against the payment of workers at the polls by either parties or candidates. In most states it is, however, the custom for the more important candidates and the parties to have workers at the polls giving last-minute arguments to the voters. These workers are usually paid ten dollars a day, the same fee as that received by the regular election officials.

Prohibited Contributions. — The corrupt practises laws also undertake to curb contributions to political campaign funds. As the result of the inquiry into insurance companies conducted by Charles E. Hughes and of other state and national investigations, in which it has been proven that large corporations have given to campaign funds in the hope of influencing future policies and laws, many states now prohibit corporations from making such contributions.

Another forward movement is the attempt to prevent the forcing of contributions from elected or appointed officials. The system itself is a bad one and many candidates have suffered heavy losses as a result of it, but perhaps the greatest injustices have been suffered by government employees on small salaries. Rural free delivery clerks earning four hundred dollars a year have been assessed as much as seventy dollars for their party treasuries. The extension of civil service,

or appointment by merit, has helped to correct this evil and it is now a criminal offense to solicit funds from civil service employees or to ask for political contributions inside any federal building. This is evaded by the making of voluntary contributions by civil service employees, and by soliciting from those employed in federal buildings outside of office hours. Among the states which have supplemented federal regulations of this kind is Massachusetts, which has a law prohibiting the soliciting of money for campaign purposes by any public official or from any state or city or town employee.

Publications.—Some of the most important provisions of the corrupt practises acts relate to newspapers. In the first place, the aid of newspapers is sought to enforce the regulations dealing with prohibited expenditures and prohibited contributions and to arouse public opinion against the evils in political financing. To this end the federal government and many state governments require candidates for election to submit to the various secretaries of states for publication in the newspapers full accounts of the amounts raised for their campaigns and the ways in which the money is spent. It is repeatedly stated that ways to evade the law are found and that accounts filed by no means represent the actual sums which are

raised and spent in these campaigns. Furthermore, the criticism is made that most of these laws require the filing of accounts only after primaries and elections, whereas if statements were demanded both before and after primaries and elections, the attitude of the voters toward certain candidates might be entirely changed.

The second way in which newspapers and magazines come under the attention of the corrupt practises acts is in the requirement that political publicity for which newspapers receive money shall be labelled advertisement. Utah has gone a step further, requiring publishers to file sworn statements of the ownership of their newspapers and periodicals before publishing any political advertisements and candidates or political committees publishing such advertisements to submit sworn declarations of any financial interest which they have in such newspapers or periodicals.

CHAPTER IV

ABUSES STILL UNREGULATED

The Control of Newspapers .-- One of the most important factors in political campaigns which the present laws do not adequately reach is the newspapers. The Utah law comes more closely than any other to exposing the inter-relationships which exist between politicians and publishers. But no adequate means have as yet been established to check the propaganda which publications may send forth daily, nor to disclose the real forces which are behind the political policies of publications. Certainly no other form of advertising is so effective as the editorial and news columns of newspapers, and the voter who consciously or unconsciously permits what he reads to formulate his opinions for him is an easy victim to this sort of propaganda.

In one state the man who has held the dominant political position in the majority party for the last decade has owned outright or controlled every daily and nearly every weekly newspaper published anywhere in the state. In another state the owners of the leading newspapers have formed a political combination of their own by which they decide what candidates shall be nominated and elected. So powerful are they that independent candidates have little chance. Either by the participation of the owners directly in politics, or through the financial interests which back them, or because of arrangements with political leaders, many publications are controlled in their endorsement of policies and candidates by vastly different considerations than the individual merit of those policies or candidates.

Not only do such newspapers support certain political leaders at election time and throughout the intervening months as well, but the independent candidate who desires to present his point of view may find it impossible even to secure admission to their advertising columns. In a recent contest in the west, the candidate who was defeated for re-election to the United States Senate said that there were only half a dozen papers in the entire state which would print news concerning him and that he was obliged to pay prohibitive advertising rates in several of these. The other newspapers, he said, told him that their

advertising columns were sold out for the entire period of the campaign.

In another case in a campaign in an eastern state, an organization very much interested in carrying a referendum spent large sums in advertisements in newspapers. The owner of one newspaper in which this advertising was placed was desirous of defeating the referendum. As soon as he received the first advertisement, he telephoned to the leaders of the side with which he was personally in accord and stated that he was about to answer the advertisements and that his friends need have no concern about the cost. Thereupon he began a daily series of advertisements in answer to those for which he was accepting large sums of money. At the close of the campaign he sent a receipted bill to his friends.

Public Patronage by Party Leaders.—Another matter which existing laws do not reach is the work given to a party organization by those whom it has been instrumental in placing on the public payroll. For instance the party in power may have secured the appointment of five thousand employees in a municipality. These employees will devote their evenings, or half holidays and Sundays, or may even go out of their offices and neglect their work to campaign for their party ticket. They canvass, they distribute

leaslets, they organize and get up meetings. What is to stop them? They may receive no money for their services. Like all other voters they are entitled to work for the ticket they desire to have win, but how far is it justifiable for them to take advantage of positions which they hold in order to advance party interests; how much of a handicap are they entitled to impose upon the independent candidate who has no such power of organization behind him?

The Non-political Organization.—Expenditures by non-political organizations are also not reached by the present laws and these are often sufficient to materially influence an election. For instance a manufacturers' association may desire the election of a certain candidate. It may circulate thousands of letters and advertising pamphlets in his behalf. It may pay him for halls for meetings and give banquets in his honor. But no accounting is required of the association, even in those states which are most strict in regulating the expenditures which political committees may make for their candidates.

CHAPTER V

SUGGESTED REMEDIES

The Need of Public Funds.—The only adequate remedy for the evils in political party financing is by the realization of the fact that primaries and elections are not a personal and private matter but a public charge.

Formerly candidates bore not only all their own expenses, but some of the cost incidental to primaries and elections, wealthy men thus coming into possession of great political power. Primaries and elections are now financed by the state, but many of the candidates' expenses have been assumed by the political parties, considerable political control thereby passing into the hands of professional politicians and commercial interests. If all of the expenses, both for candidates and elections, were paid out of public funds, the public would have control of its own politics.

Campaign funds have been objectionable not alone because of their size, but even more largely because of their source, the direct or implied obligations which were thus established and the consequent influencing of governmental policies and the acts of federal, state or municipal officials. The question therefore arises, whose election is it? Is the election the affair of the candidates, something from which they expect to profit and therefore something for which they should bear the expense? Is the election the affair of the party and should it pay the bills? Is it the affair of commercial institutions from which they will derive protection for their interests and for which they therefore should pay? Or is it the affair of the people, to be paid for and safeguarded by them because it is vital to their welfare and the very life of their state and nation?

Need of Reducing Expenses.—If election expenses are to be regarded as public and not personal affairs, three things should result. First, the present overwhelming costs should be reduced; second, a large part of the expenditure should be met directly from public funds; and, third, the remainder should be paid by contributions from as many persons as possible.

How may the cost of elections be reduced? The average voter goes to a meeting, applauds the speakers, feels a great amount of enthusiasm and then goes home, considering that he has done his part in a campaign and never asking who paid

for the hall, out of whose pocket came the expenses of the speakers, who put up the funds for the elaborate decorations of flags and the expensive circulars which were distributed? If meetings were held in public buildings, such as town halls and schoolhouses, three direct results would be evident. The expense of hiring and decorating a hall would be entirely done away with, no party or candidate would be put under obligations to a public utility or a private individual for furnishing a hall, and the very fact that a building belonging to them was being used would make voters feel a greater responsibility to attend and to hear what was being said. Another means of reducing election expenses is by means of campaign pamphlets, which are now being circulated in some states. According to the campaign pamphlet law, the parties and candidates furnish information concerning their records and promises to state officials who have this matter printed and sent to the voters. Thus the cost of circularization of the voters is already being reduced.

What practicable way is there for paying campaign expenses out of public funds? Colorado attempted a scheme of this kind, but the law passed by the state legislature was declared unconstitutional by the state supreme court. The

Colorado act provided that each political party should be given a sum from the state treasury equal to twenty-five cents for every vote cast for it in the preceding gubernatorial elections. Twelve and one-half cents of each twenty-five cents was to go into the campaign funds of the county committee and twelve and one-half cents into the campaign fund of the state committee of the party. For instance if one hundred thousand votes were cast for a party candidate for governor, the party would receive twenty-five thousand dollars for its expenses in the next election.

Every Citizen a Contributor.—How may campaign contributions be secured from large numbers of persons? Whenever people feel that a movement really belongs to them, that they are a part of it and that it is dependent upon them, they will give to its support. This has been proven by many national organizations of various kinds and by new political parties which have been organized and have subsisted for various lengths of time upon voluntary contributions from the masses of their membership. But it has also been made evident that there must be a real issue at stake, an issue in which the people feel a vital interest.

Because of the issue which it presented, the

woman suffrage campaign was financed in a great measure through collections taken at meetings, and that method is open to any political organization.

Even the present political parties have found that when they addressed a sufficiently strong appeal they were able to collect large sums from one-dollar gifts from their members. And that means also could be employed by any political group.

No organization has as yet been able to finance itself solely by collections at meetings or by dollar memberships, and there is no reason why those who can afford to make larger contributions should not do so, if there is no obligation on the part of the individual or group receiving the gift to return the value in services which should belong wholly to the public.

When the mass of voters have the integrity of elections really at heart there will be no difficulty in financing politics through gifts from the people, none of whom will attempt to dictate policies or to exact favors because of their contributions.

Then Americans will have realized the truth of the words of Henry Van Dyke, "There is a life that is worth living now, as it was worth living in former days, and that is the honest life. There is a battle that is worth fighting now, as it

was worth fighting then, and that is the battle of the rights of the people. To make our city and our state free in fact as well as in name; to break the rings that strangle true liberty, and to keep them broken; to cleanse, so far as in our power lies, the fountain of our national life from political, commercial, and social corruptions; to teach our sons and daughters, by precept and example, the honor of serving such a country as America—that is work worthy of the finest manhood and womanhood."



